Office Supreme Court, U.S.
FILED
AUG 4 1961
JAMES R. BROWNING, Clerk

Supreme Court of the United States

OCTOBER TERM 1961

No. 221

FILENE'S,
Petitioner,

v.

ALAMANCE INDUSTRIES, INC., ET AL.,
Respondents.

BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI

CHARLES F. CHOATE
30 State Street
Boston, Massachusetts
Counsel for Respondents

JOSEPH C. CRESSY, JR.
Boston, Massachusetts
Of Counsel

Blanchard Printing Company, Boston, Mass — Law Printers

TABLE OF CONTENTS

	Page
Statement of the Case	1
Argument	3
I. The Petitioner's Argument Is Wholly Inconsistent with the Purpose of Federal Rule of Civil Procedure 41(a)(2), 28 U.S.C.	3
II. The Court of Appeals Properly Found That the District Court Failed to Exercise Discretion	5
III. The Court of Appeals Did Not Usurp the District Court Discretionary Power	9
Conclusion	11
General Appendix	12
Civil Action No. C-232 G-58, Triumph Hosiery Mills, Inc., et al. v. Alamance Industries, Inc., et al., In the U.S. District Court for the Middle District of North Carolina, Greensboro Division:	
Findings of Fact and Conclusions of Law	12
Opinion	44
Decree	61
Amendments to Findings of Fact and Conclusions of Law	63
Certificate of the Clerk	64

TABLE OF CITATIONS

Cases

Aetna Life Insurance Company v. *Kepler*, 8 Cir., 1941, 116 F.2d 1	7
Atchinson, Topeka and Santa Fe Railway Co. v. *Jackson*, 10 Cir., 1956, 235 F.2d 390	6
Bowles v. *Simon*, 7 Cir., 1944, 145 F.2d 334	10
Bridoux, Erick Rios v. *Eastern Air Lines*, App. D.C. 1954, 214 F.2d 207, cert. den. 348 U.S. 821	10
Clemons v. *Board of Education of Hillsboro, Ohio*, 6 Cir., 1956, 228 F.2d 853, cert. den. 350 U.S. 1006	10

Page

Cone v. *West Virginia Paper Company*, 330 U.S. 212 (1947) 10, 11
Diamond v. *United States*, 5 Cir., 1959, 267 F.2d 23, 25, cert. den. 361 U.S. 834 6
Federal Savings & Loan Corp. v. *Reeves*, 8 Cir., 1945, 148 F.2d 731 6
Finn v. *American Fire & Casualty Company*, 5 Cir., 1953, 207 F.2d 113, 116 10
Home Owners' Loan Corp. v. *Huffman*, 8 Cir., 1943, 134 F.2d 314 ..... 4, 6, 7
International Shoe Company v. *Cool*, 8 Cir., 1946, 154 F.2d 778 6
Larsen v. *Switzer*, 8 Cir., 1950, 183 F.2d 850, 851 6
Marsh v. *Illinois Central R. Co.*, 5 Cir., 1949, 175 F.2d 498 10
Pannichella v. *Pennsylvania Railroad Co.*, 3 Cir., 1958, 252 F.2d 452 10
Sanders v. *Leech*, 5 Cir., 1946, 158 F.2d 486, 487 7
Skinner & Eddy Corp., Ex parte, 265 U.S. 86 (1924) .. 4
Talon, Inc. v. *Union Slide Fastener, Inc.*, 9 Cir., 1959, 266 F.2d 731 5
Thomas Corporation v. *Nicholas*, 5 Cir., 1955, 221 F.2d 286 10
Tozer v. *Charles A. Krause Milling Co.*, 3 Cir., 1951, 189 F.2d 242 10

Miscellaneous

Federal Rules of Civil Procedure:
Rule 41(a)(2) 3, 4, 5, 6, 7, 8
Rule 50(b) 10
Rule 52(a) 7
5 Moore, Federal Practice, paragraph 52.03 (2nd Ed. 1953) 7
28 U.S.C. §1206 ..... 9, 10
35 U.S.C. §285 3

Supreme Court of the United States

OCTOBER TERM 1961

No.

FILENE'S,
Petitioner,

v.

ALAMANCE INDUSTRIES, INC., ET AL.,
Respondents.

BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI

Statement of the Case

The respondents do not adopt the petitioner's statement of the case because petitioner does not set forth in sufficient detail the progress of the litigation involving the validity of the same patent now pending in the federal courts of North Carolina, the results of which, if respondents dismiss on the terms proposed by the Circuit Court of Appeals in this case as they intend to do, will make this litigation moot. On December 18, 1958 Burlington Industries, which claims to be an indemnitor of the petitioner in this case, and several other major hosiery mills comprising a major portion of the industry commenced a declaratory judgment suit in the United States District Court for the Middle

District of North Carolina against respondents seeking to have respondents' patent, which is the subject matter of the present case, declared invalid (JRA 30). Respondents counterclaimed for infringement (JRA 30). Manchester Hosiery Mills, another alleged indemnitor of the petitioner here, did not join in the North Carolina action although no reason has been presented why it could not have (JRA 30). The Court of Appeals in this case has offered it that opportunity (Petitioners' Appendix, A-11).

Seven months after the North Carolina litigation was started, this litigation was commenced (JRA 1).

The parties to the North Carolina litigation engaged in elaborate and expensive preparation for the trial of that case. By the time the present case became active in September, 1960, the North Carolina case was substantially ready for trial (JRA 31-32, 47).

Furthermore, in the meanwhile, in November, 1959, after respondents here had filed six additional infringement actions against retailers, plaintiffs in the North Carolina action, including Burlington Industries, went before the North Carolina court seeking an injunction against further actions against retailers. The North Carolina court refused to grant such an injunction but suggested to the parties in North Carolina that the actions against retailers (which would include the present action) lie dormant until the main case in North Carolina had been tried (JRA 175). Pursuant to this suggestion, respondents did nothing to prepare the present case for trial (JRA 170, 190).

Although not on the record in this case, the North Carolina case was fully tried on the merits in January, 1961 and findings of fact and an opinion were entered on February 10, 1961 and final decree on March 6, 1961 (set forth in appendix to this brief). In substance, the North Carolina court found the patent at issue to be invalid because of failure to disclose a prior Burlington Industries stocking

to the Patent Office but further held that, but for this failure to disclose, 15 claims of the patent, were valid and infringed. The decree in North Carolina has been appealed by all the parties and is now pending before the Circuit Court of Appeals for the Fourth Circuit.

Argument

I. The Petitioner's Argument is Wholly Inconsistent with the Purpose of Federal Rule of Civil Procedure 41(a)(2), 28 U.S.C.

The petitioner argues that this court should formulate (really legislate) an entirely new and unprecedented doctrine in patent litigation to the effect that a patent owner may not dismiss an action brought against a retailer after issue has been joined in a prior filed suit involving manufacturers of the product covered by the patent. According to petitioner, this new doctrine should apply if the patent owner brought its suit against a retailer in bad faith for the purpose of harassing the industry. The simple answer to this contention is that if such a doctrine should be adopted, it should be by legislative and not judicial action as it is far beyond the scope of Rule 41(a)(2) as written and as interpreted by the courts. If respondents' actions were what petitioner asserts, petitioner has its remedies under the anti-trust statutes and under 35 U.S.C. § 285 which provides for the award of attorneys fees in patent cases in extraordinary circumstances.

Furthermore, even if harassment and bad faith existed, this should have had no relevance in a consideration of respondents' motion to dismiss without prejudice. A plaintiff's motives or reasons in seeking to dismiss without prejudice should not be considered in deciding whether such a dismissal should have been granted. The only

issue should be whether legal prejudice to the defendant would result from such a dismissal. Ex parte *Skinner & Eddy Corp.*, 265 U.S. 86 (1924); *Home Owners' Loan Corp. v. Huffman*, 8 Cir., 1943, 134 F.2d 314. As pointed out by the Court of Appeals, the pendency of the prior-filed North Carolina litigation coupled with the terms and conditions upon which respondents may dismiss the present case without prejudice are an ample guarantee that the petitioner and its alleged indemnitors will suffer no legal prejudice by a dismissal without prejudice. The petitioner seems to argue that Fed. R. Civ. P. 41(a)(2), 28 U.S.C. should be used to punish an allegedly offending plaintiff who seeks to dismiss its case without prejudice. Petitioner can cite no authority for this unusual proposition. Rule 41(a)(2) should not be interpreted as being penal in nature.

In making its argument for a new and unprecedented interpretation of Rule 41(a)(2), petitioner assumes that there was litigation against retailers filed in bad faith solely for the purpose of harassment and intended, by an *in terrorem* effect, to gain a *de facto* monopoly. Such an assumption is a gross exaggeration of the evidence before the District Court which, incidentally, the respondents did not attempt to rebut, not because there was no rebuttal but because they wished to continue to insist upon their right to dismiss without prejudice and for that reason did not wish to participate in a trial on the merits. The only factual evidence before the District Court on this issue were certain letters written to the trade warning of infringement, certain inter office correspondence of the respondents pertaining to efforts to stop infringements and six lawsuits against retailers. There was nothing in any of this evidence to indicate that respondents were attempting to enforce their patent without sufficient investigation, in bad faith or without a reasonable belief in the validity of the patent. Such elements must exist before a court can

find that efforts to enforce a patent were intimidating or harassing. *Talon, Inc.* v. *Union Slide Fastener, Inc.*, 9 Cir., 1959, 266 F.2d 731. The evidence, in fact, emphasizes respondents' belief in the soundness, validity and enforceability of their patent. (Exhibits 4(b), JRA 251; P-26, JRA 257; P-54(b), JRA 268-270; P-55, JRA 271; P-57, JRA 275-276; E, JRA 292; P-80, JRA 295) and indicates that they had thoroughly tested, investigated and studied competing products and infringements (Exhibits DG-11, JRA 255; P-39, JRA 259-260; P-41(a), JRA 262; P-41(c), JRA 264; P-55, JRA 271-273; P-62(b), JRA 288; P-62(c), JRA 289; P-62(d), JRA 290; P-65, JRA 294; P-80, JRA 295-298). The evidence also indicates that respondents did not single out retailers for enforcement of their patent, but attacked infringers at all levels, manufacturers as well as retailers. (Exhibits A, JRA 61; B, JRA 63; C, JRA 67; 4(b), JRA 251; 4(a), JRA 252; B-103, JRA 253; C-10, JRA 254; P-59, JRA 277; P-60(a), JRA 278; P-60(e), JRA 280; P-60(f), JRA 281; P-60(i), JRA 282; P-60(j), JRA 283; P-60(k), JRA 284; P-60(l), JRA 285; P-60(m), JRA 286; P-60(n), JRA 287). Petitioner's sweeping characterizations of respondents' conduct is not justified by evidence which indicates only a legitimate good faith effort by respondents to enforce their patent.

II. The Court of Appeals Properly Found That the District Court Failed to Exercise Discretion.

Federal Rule of Civil Procedure 41(a)(2), 28 U.S.C., provides in part

> "Except as provided in paragraph (1) of this subdivision of this rule, an action shall not be dismissed at the plaintiff's instance save upon order of the court

> and upon such terms and conditions as the court deems proper. . . ."

There is no absolute right to dismiss under this Rule, *Diamond* v. *United States*, 5 Cir., 1959, 267 F.2d 23, 25, cert. den., 361 U.S. 834, and whether and on what terms a dismissal without prejudice may be granted is a matter left initially to the court's discretion, *Larsen* v. *Switzer*, 8 Cir., 1950, 183 F.2d 850, 851. The discretion lies initially with the trial court, *Federal Savings & Loan Insurance Corp.* v. *Reeves*, 8 Cir., 1945, 148 F.2d 731, *Home Owners' Loan Corp.* v. *Huffman*, 8 Cir., 1943, 134 F.2d 314. However, the discretion to be exercised by that court must be a judicial and not an arbitrary discretion, *International Shoe Company* v. *Cool*, 8 Cir., 1946, 154 F.2d 778, *Home Owners' Loan Corp.* v. *Huffman*, *supra*. In *Atchison, Topeka and Santa Fe Railway Co.* v. *Jackson*, 10 Cir., 1956, 235 F.2d 390, the court said

> "The term 'discretion' when used as a guide to judicial action means sound discretion exercised with due regard for that which is right and equitable under the circumstances. It means discretion directed by reason and conscience to a just result, and it frequently involves painstaking consideration of many factors, giving to each the weight to which it is appropriately entitled."

Although the granting of a motion under Rule 41(a)(2) lies within the sound discretion of the trial court, the order on such motion may be the subject of appeal and is reviewable by an appellate court, *Federal Savings & Loan Insurance Corp.* v. *Reeves*, *supra*.

Admittedly the scope of review of the action of a trial court with respect to a motion to dismiss under Rule

41(a)(2) is narrow. It is limited to considering whether the trial court exercised discretion and if, in its exercise, such discretion was abused. *Home Owners' Loan Corporation* v. *Huffman, supra.* The Court of Appeals in this case limited itself to such a review.

The appellate court in reviewing the action of the trial court regarding failure or abuse of the exercise of discretion has the right to review findings of fact and conclusions of law when the matter under review was heard without a jury. Fed. R. Civ. P. 52(a), 28 U.S.C., *Aetna Life Insurance Company* v. *Kepler,* 8 Cir., 1941, 116 F.2d 1, *Sanders* v. *Leech,* 5 Cir., 1946, 158 F.2d 486, 487, 5 Moore, Federal Practice, paragraph 52.03 (2nd Ed. 1953).

On September 27, 1960, Alamance filed in the trial court a motion to dismiss under Rule 41(a)(2) on the conditions that they never again sue Filene's on the Bird patent (JRA 45, 165-166), and that they pay the defendant's costs and attorney's fees (JRA 88-89, 165-166). Alamance also offered to be bound by the result in the North Carolina litigation (JRA 33, 38, 159).

The plaintiff Alamance had, previously on September 16, 1960 at the pre-trial and assignment, offered to dismiss without prejudice (JRA 160). At this hearing, without offering plaintiffs the opportunity to present their reasons for such a dismissal, the trial judge, in denying the motion, stated:

> "I am not offering you that chance . . . Try it in 60 days or dismiss with prejudice." (JRA 160)

The court further stated as the reason for its denial of plaintiffs' motion on September 16, 1960:

> "You have gotten the defendant to spend money to get a lawyer." (JRA 160; Petitioners' Appendix, A-5)

This denial and the reasons therefor appear to have set for the trial court the "law of the case". The Court of Appeals found that these reasons for denying the defendant's motion were patently insufficient (Petitioners' Appendix, A-10). However, Petitioner, Defendant below, argues that the trial court subsequently exercised initial discretion on the plaintiffs' formal Motion to Dismiss Without Prejudice under Rule 41(a)(2) filed September 27, 1960 and argued October 4, 1960. The Court of Appeals reviewed the evidence and findings and found that the trial court in the hearing on the formal motion relied on the "law of the case" set by its earlier denial as evidenced by the court's statement when, on October 4, counsel for the plaintiff brought up the matter of discretion:

> "Neither the defendant nor I asked that we be called upon, but we have been called upon, and having been invited we will stay until the conditions that we have laid down are met." (JRA 167; Petitioners' Appendix, A-7)

The Court of Appeals properly found that on this record it could not be suggested that the lower court exercised a new discretion on October 4 (Petitioners' Appendix, A-7) and that, therefore, at no time had the trial court even purported to exercise discretion with regard to the plaintiffs' motion under Rule 41(a)(2) (Petitioners' Appendix, A-10).

The Court of Appeals, within its right to review the exercise of discretion of the District Court, on these facts properly found that the District Court had failed to exercise discretion.

III. The Court of Appeals Did Not Usurp The District Court's Discretionary Power.

The Court of Appeals has the right to direct the entry of appropriate judgment, orders and decrees. 28 U.S.C. § 1206 recites:

> "The Supreme Court or any other court of appellate jurisdiction may affirm, modify, vacate, set aside or reverse any judgment, decrees or orders of a court lawfully brought before it for review, and may remand the cause and direct the entry of such appropriate judgment, decrees or orders, or require such further proceedings to be had as may be just under the circumstances."

The Court of Appeals stated in its opinion (Petitioners' Appendix, A-10) that:

> " . . . the court did not even purport to exercise discretion. But were we to assume that it did, the reasons given . . . were patently insufficient."

Under such circumstances, the Court of Appeals correctly availed itself of the authority vested in it by 28 U.S.C. § 1206, by directing the entry of an appropriate order.

The petitioner argues that the Court of Appeals wrongfully usurped the discretionary powers of the District Court. This argument is invalid in light of the statute, 28 U.S.C. § 1206, the reported cases and the conclusions reached by the Court of Appeals in its opinion in this case.

The reported cases support the statute and hold that the appellate court can review the order of the trial court and make appropriate findings and determinations in the matter itself rather than recommitting the case to the trial court

for the exercise of its discretion. In *Finn* v. *American Fire & Casualty Company*, 5 Cir., 1953, 207 F.2d 113, 116, the court stated that:

> "[The district judge] did not act in the exercise of his judicial discretion, but under the compulsion of a mistake of law. He considered all the proceedings in the first trial a nullity because the court conducting it was 'wholly without jurisdiction' . . . On this record, the court of appeals has the power to exercise the discretion that primarily belonged to the district court but which the latter failed to exercise. 28 U.S.C. § 1206."

The appellate court has frequently, in reversing and remanding the judgment, decree or order of the court below, when the exercise of the discretion of the said court is before it upon review, given specific or inferential directions to the lower court as to the terms of the judgment, decree or order to be entered by it upon remand. See *Pannichella* v. *Pennsylvania Railroad Co.*, 3 Cir., 1958, 252 F.2d 452; *Clemons* v. *Board of Education of Hillsboro, Ohio*, 6 Cir., 1956, 228 F.2d 853, cert. den., 350 U.S. 1006; *Thomas Corporation* v. *Nicholas*, 5 Cir., 1955, 221 F.2d 286; *Erick Rios Bridoux* v. *Eastern Air Lines*, App. D.C., 1954, 214 F.2d 207, cert. den., 348 U.S. 821; *Tozer* v. *Charles A. Krause Milling Co.*, 3 Cir., 1951, 189 F.2d 242; *Marsh* v. *Illinois Central R. Co.*, 5 Cir., 1949, 175 F.2d 498; and *Bowles* v. *Simon*, 7 Cir., 1944, 145 F.2d 334.

Cone v. *West Virginia Paper Company*, 330 U.S. 212 (1947) cited by the petitioner is easily distinguished. In the *Cone* case, the Supreme Court refused to consider any question except whether a parties' failure to make a motion in the District Court under Fed. R. Civ. P. 50(b) for judgment notwithstanding the verdict precluded the Court of

Appeals from directing entry of such a judgment and decided the Court of Appeals was so precluded. The Court stated on pages 217-218:

> "The Respondent failed to submit a motion for judgment notwithstanding the verdict to the trial judge in order that he might exercise his discretionary power to determine whether there should be such a judgment, a dismissal or a new trial. In the absence of such a motion, we think the appellate court was without power to direct the District Court to enter judgment contrary to one it had permitted to stand."

The *Cone* case does not stand for the proposition that under the proper circumstances a Court of Appeals, in reviewing an exercise of discretion by a District Court, may not direct a just result.

Conclusion

For the reasons stated and referred to above, it is respectfully requested that the Petition be denied and respondents be awarded costs.

CHARLES F. CHOATE
JOSEPH C. CRESSY, JR.
30 State Street
Boston, Massachusetts
Counsel for Petitioners

GENERAL APPENDIX

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
GREENSBORO DIVISION

Civil Action No. C-232 G-58

Triumph Hosiery Mills, Inc.,
Hudson Hosiery Company,
Burlington Industries, Inc.,
Claussner Hosiery Company, and
McCallum Hosiery Company,

PLAINTIFFS.

v.

Alamance Industries, Inc.,
Kayser-Roth Corporation, and
Kayser-Roth Hosiery Company, Inc.

DEFENDANTS.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. This Court has jurisdiction of the subject matter and the parties to the action.

2. The Stipulations of Fact, Part IV of the stipulations between the parties, are approved and adopted as part of these findings.

3. On 8 July 1958, United States Letters Patent No. 2,841,971 (herein referred to as the Bird Patent) was issued on an application filed 19 August 1957, to defendant Alamance Industries, Inc., as assignee of Joseph J. Bird, Ralph C. Braxton, Marvin H. Comer, and Charlie A. Miles, of Burlington, North Carolina, all of whom are employees of defendant Kayser-Roth Hosiery Company, Inc., and since that date the defendant Alamance Industries, Inc., has been and still is the owner of said Letters Patent.

4. The Bird, et al, patent-in-suit, No. 2,841,971, entitled "Compressive Stocking", relates to a surgical-type stocking of all nylon monofilament construction.

5. Prior to the Bird, et al, invention, in 1956, there was a long existing recognized need for a surgical-type stocking which would provide adequate compressive force on the leg of a wearer to be of therapeutic value when worn, and which would also be sheer and pleasing in appearance. Existing surgical stockings depended upon the inherent elasticity of rubber yarns to create compressive force, but these yarns made the stockings heavy and thick in appearance and they were hot, uncomfortable, expensive and unattractive from the cosmetic standpoint, and thus unacceptable by many who needed relief. Because of these defects, use of elastic stockings was limited to cases of severe vascular disorders.

6. In 1955, J. J. Purcell obtained a patent on an improved surgical stocking utilizing a curled or crimped multifilament nylon yarn and covered rubber yarn. These stockings were more pleasing in appearance than the all-rubber stockings, but still required the use of rubber yarns to create the necessary compressive force. (*See Johnson & Johnson* v. *Carolina Lee*, 155 F. Supp. 414 (M.D.N.C., 1957); Remanded, 258 F.2d 593 (1958); 173 F. Supp. 731 (1959); affirmed 275 F.2d 91 (1960)) About the same time, a stocking made of "Helanca" type of curled multifilament nylon was also suggested and used to a limited extent for treatment of mild varicosities and leg cramps.

7. The Bird patent specifications and claims disclose a full-fashioned knit ladies' nylon stocking having three or more unplied monofilament nylon yarn ends of false twist spindle processed yarn wherein at least three ends of the false twist yarn of the same rotational direction are knit in some courses of the knitted fabric, and three ends or more of the opposite rotational direction are knit in other

courses of the knitted fabric, forming alternately distorted loop stitches throughout the stocking. The knitted fabric forming the stocking is described as providing high compressive support for the leg of a wearer.

8. Since as early as 1955, the research and development personnel of plaintiff Burlington Industries, Inc., have recognized the support and therapeutic characteristics of ladies' nylon hosiery made using at least three ends of yarn in each course.

9. Burlington manufactured and sold ladies' nylon full-fashioned hosiery having support characteristics and knit with two ends of heat-set high torque monofilament nylon yarns in 1955. These two-end stockings were knit with two ends of 15 denier unplied yarn, with two ends of unplied yarn being knit in alternate courses, and each of the yarns having 15 turns per inch of "S" twist, and the intervening courses were knit with two ends of heat set high torque monofilament nylon yarns having the same number of turns per inch of "Z" twist and knit in an unplied condition. Such stockings were submitted to Dr. John Robert Kernodle of Burlington, North Carolina, in 1955, and he recommended to the Director of Research of Burlington Industries, Inc., that the two-end stockings be made heavier in order to increase their support characteristics.

10. Dr. Kernodle of Burlington, North Carolina, conducted clinical tests in 1954 indicating the support characteristics inherent in the Nouveaute stretchable stockings being manufactured and sold by Virginia Maid Hosiery Mills, Inc., of Pulaski, Virginia. Dr. Kernodle recognized that the Nouveaute all nylon stockings made from multifilament stretchable nylon yarn afforded sufficient support to relieve leg fatigue.

11. Burlington, commencing in June 1955, manufactured and sold ladies' nylon full-fashioned hosiery having support characteristics and knit with three ends of high torque

lively monofilament yarns. The Burlington three-end stockings were designated as Burlington Style No. 964. The Burlington three-end stockings were knit using three unplied ends of "S" twist heat-set high torque lively monofilament nylon yarns which were fed through one carrier to knit two courses in the fabric followed by knitting three unplied ends of "Z" twist heat-set high torque lively monofilament nylon yarns through the other carrier to knit two courses in the fabric. The sequence of alternation of the yarn carriers was carried out for knitting the main portion of the stocking.

12. The Burlington three-end 15 denier stocking (totaling 45 denier), Style No. 964, manufactured and sold by Burlington in 1955, was a knitted stocking comprising multiple yarn stitch loops, with each yarn in each of the stitch loops consisting of a synthetic high torque yarn, the yarns in each loop being independent non-plied monofilament yarns, the direction of the torque in each of the yarns in corresponding stitch loops being in the same direction, and the torque direction of the yarns in some courses being opposite to the torque direction of the yarns in other courses whereby the stitch loops deform when the stocking is relaxed, and when the stocking is worn the stitch loops straighten but have a strong tendency to return to the deformed condition to compress the leg of the wearer, thus providing a stocking that snaps back when stretch is relaxed.

13. The Burlington three-end Style 964 stocking manufactured and sold in 1955, was knit on a conventional full-fashioned knitting machine that employed the use of oil in the knitting operation to control the liveliness of the yarns and lubricate the yarns during knitting.

14. The Burlington three-end Style 964 stocking manufactured and sold in 1955, having three ends of unplied high torque monofilament nylon yarns in each course, was seamed, dyed, and finished by the conventional processes.

and boarded at a temperature 25 degrees higher than the temperature at which the high torque yarns had been heat-set during the yarn processing. The torque in the yarns was substantially deadened by the higher boarding temperature and the stitch loops were heat-set in their inclined positions, with a strong tendency to return to their relaxed condition.

15. In 1955, Burlington Industries had made wear tests and had established that its three-end heat-set yarn stockings contained support characteristics for the leg of the wearer, depending upon the total denier of the yarns employed for knitting the stockings.

16. Burlington Industries established in 1955 and 1956 that the three ends of 15 denier hosiery fabric made from heat-set high torque monofilament nylon yarns provided support to the lymph glands of the leg and afforded relief to women who stand a lot in their work, and afforded relief to pregnant women who complained of muscular fatigue and required muscular support.

17. As early as April 15, 16 of 1957, defendants' officials discussed the prior Burlington three-end stocking with relation to the patent application for the Bird patent which was then being planned.

18. On June 3, 1957, officials and patentees of defendants had in their possession a pair of the prior Burlington three-end stockings and recognized that "it could change" the patent application they were planning.

19. Immediately after June 3, 1957, defendants tested and analyzed this Burlington three-end stocking and the patentee Comer fully reported on it to his superior, the patentee Bird.

20. On July 11 and July 16, 1957, full information was submitted to the defendants' patent attorney for the preparation of the Bird patent application, but these full reports

contained no information about the prior Burlington three-end stocking which had been analyzed.

21. The Bird patent application was filed on 19 August 1957, representing as prior art a single and stretchable stocking constructed of cold processed torque yarn of 15 denier monofilament yarn; a two-end stocking made up by the defendants of heat-set yarn but which stocking was not commercially available; and a four-end stocking representing the applicants' claimed invention. This four-end stocking was made from false twist yarn produced by the Comer false twist spindle yarn processing procedure. Although each of the applicants for the Bird patent was fully aware of the commercial availability of the Burlington three-end stocking prior to the time their patent application was filed, and although through full analyses and testing they were aware that this Burlington stocking was made from three ends of independent high torque heat-set monofilament nylon yarns, with each of the yarns being free and movable independently of the other, and the three yarns in alternate courses having been twisted individually in the same direction, and the three yarns in other courses having been twisted individually in the opposite direction, no reference was made to this stocking in the application as filed. The applicants for the Bird patent made no reference to the prior Burlington three-end stocking, but one of them had instructed their patent counsel to cover a stocking made of high torque yarns by knitting a plurality of at least three independent high torque yarns in each loop of the knitted stocking. The patent application and its prosecution represented and emphasized that the invention was in an unexpected result accomplished by using at least three ends of independent yarns.

22. The defendants were aware of the fact, prior to the filing of their application in August of 1957, that Burlington Industries was employing high torque heat-set monofila-

ment nylon yarns in the manufacture and sale of the Burlington three-end stocking.

23. On March 31, 1958, while the application was under rejection, one of the patentees, Bird, recommended to their patent attorney that the patent claims should not cover three-end stockings because Burlington "had been making a stretch stocking with three ends of yarn which would serve the same purpose."

24. During April 1958, further Burlington three-end stockings were tested by defendant, and reports were written on same. These tests showed that the Burlington three-end stockings had resistance to stretch, but substantially less than the defendants' four-end stocking.

25. Prior to this time samples of one-end and two-end stockings were made and presented to the Patent Office at an interview before April 2, 1958, and these were specifically referred to and identified in the papers filed in the official report of the application in accordance with the Patent Office Rule 133 governing the conduct of interviews.

26. On May 8, 1958, two of the inventors, Comer and Braxton, attended an interview before the patent Examiner. They then submitted further samples of stockings made of two ends of yarn which Braxton had made up in accordance with the Knohl patent. These samples were properly referred to and identified in an amendment filed after the interview, in accordance with the Patent Office Rule 133. At this interview, the prior Burlington three-end stocking was not brought to the attention of the Examiner nor mentioned to him by either Comer or Braxton, and none of the data which they had previously prepared on this prior stocking was submitted by them to the Examiner. The subsequent paper filed recording the interview in accordance with Patent Office Rule 133, made no mention of the earlier Burlington three-end stocking. There is no men-

tion whatsoever of this stocking in the entire Patent Office record of the Bird patent.

27. The results of this interview of May 8, 1958, were reported by the patentee Comer to his superior, the patentee Bird, on May 9, 1958, and no mention was made of any discussion of the prior Burlington three-end stocking with the Examiner. This report of May 9, 1958, shows that the patentees were seeking specific coverage of a three-end stocking as was represented to be novel and inventive in the patent application as filed.

28. The defendants knew at about this time, and prior to the issuance of the patent, that the Burlington three-end stocking had been publicly sold more than one year prior to the filing of the Bird application.

29. The patent issued on July 8, 1958, with claims broadly and specifically covering a three-end stocking such as had been manufactured by Burlington since 1955, and minor and obvious modifications thereof. Such claims were not the invention of the patentees of the Bird patent, and were known by the defendants to be invalid.

30. Subsequent to the issuance of the Bird patent, defendants embarked upon a plan to intimidate and harass the hosiery industry by using threats of suit on this patent. This plan included the bringing of suits at widely separated points throughout the country against retailers rather than against manufacturers.

31. It was obvious to one having ordinary skill in this industry to improve the support characteristics of all nylon stretch monofilament stockings by making them heavier or tighter by such obvious expedients as increasing the total denier, by adding additional ends of yarn in each course, or by increasing the denier of the individual yarns, or by adding additional narrowings, but it was deemed inadvisable to make the stocking that heavy in the belief that

the pressure on the leg would be too great. Burlington rejected it for this reason.

32. It was obvious to one having ordinary skill in the art of knitting full-fashioned hosiery that to decrease the width of the fabric additional narrowings are to be added, resulting in a tighter fitting stocking for the same volume leg.

33. It was obvious to one having ordinary skill in the art of knitting full-fashioned hosiery that by progressing from one end to two ends in a stocking greater power for support would be obtained, and going from two ends to three ends more power would be obtained, and going from three ends to four ends even more power would be obtained.

34. Prior to the alleged invention the knitting of stockings having a plurality of independent ends was well known and it was obvious to the man having ordinary skill how to control the size of the loops and to make them independent.

35. It was known in 1955 and was obvious to produce high torque heat-set nylon monofilament yarns, with from 10 to 50 turns, for knitting ladies stockings to impart stretchable properties.

36. The support characteristics of a stocking are best measured mechanically, as distinguished from on the leg of a woman, by the proper use of a machine which permits the fabric itself to actuate the measuring medium. On the Instron testing machine, when measuring the action of the fabric itself, the results establish that the defendants' four-end stocking was substantially similar to the Burlington three-end Activ-8 stocking, and the forces indicated for the rubber Bauer and Black stocking were many times greater than that of both the defendants' four-end stocking and the Burlington three-end Activ-8 stocking, in areas of recovery from stretch which defendants' expert, Dr. Brown, considered reliable and realistic for giving the force exerted by the fabric itself on the leg of a wearer.

37. The support characteristics of a stocking on a woman's leg are not properly measured or realistically reflected in mechanical tests which stretch the stocking beyond about two and one-half inches, as is the case when using the Charbert tests set forth in the patent charts which go as far as six inches of stretch.

38. The support characteristics of a stocking on a woman's leg are not properly measured or realistically reflected by readings taken on a machine, while the machine is controlling the stocking by stretching it, and this is true of the Charbert and the other machines the test results of which were offered during the trial.

39. The Charbert values recorded in the Bird patent charts were taken as the stocking was being stretched and were recorded substantially instantaneously at each increment of stretch. These values fall off rapidly and substantially, and if readings had been taken after the fall off, when the fabric itself was recording the readings of the machine, the recorded values would have been substantially lower.

40. The "S" curve plotted on plaintiffs' Exhibit 29 is based on the values obtained by defendants' expert, Dr. Brown's test of one of defendants' commercial four-end stockings asserted as made in accordance with the patent, and Dr. Brown's similar test of one of plaintiff Burlington's Activ-8 three-end, 15 denier stockings, showed it had over the average "compressive values" similar to the patented stocking.

41. Defendants' Exhibits 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, and 134, were offered to represent tests of stockings but these tests are not disclosed or based on anything found in the patent, and some of the machines used were in fact devised and made by Dr. Brown long after the patent issued.

42. Contrary to the argument presented to the Patent

Office during the prosecution of the Bird et al patent, defendants' expert, Dr. Brown's own tests, on the machine which he felt best reflected the force on a woman's leg, showed that defendants' commercial four-end stocking did not have a power greater than four times the power of a single end stocking.

43. Claims 8, 9, 10, and 11 of the Bird patent were originally presented as application claims 9, 10, 11, and 12, which application claims contained no recitation of the number of ends. The recitals of "at least three ends" appearing in these patent claims, particularly in connection with the specific values of "compressive force" recited therein, have no basis in the specification and claims as originally filed.

44. Claims 18, 20, 21, 22, 23 and 24 of the Bird et al patent were not present in the application as it was originally filed, and were added by the amendments dated April 2, 1958, and May 8, 1958.

45. Claims 1 through 7 are directly anticipated by and not patentably distinguishable over the Burlington three-end 15 denier stocking sold in 1955 .

46. The stocking described in the Bird et al patent is made of high torque monofilament yarn but the patent specification contains no mention of the vital and essential element of the temperature required for making this yarn.

47. The Comer method of processing yarns employing false twist spindle apparatus as disclosed in the Bird patent is not employed by any of the plaintiffs to process yarn to impart liveliness.

48. Prior to filing the Bird patent application none of the patentees made a seamless stocking with three or four ends of torque yarn in each knitted course of the fabric, and there is no description or disclosure in the patent relating to the manner in which to knit a seamless stocking. At least two of the applicants were unable without further

experimentation to make a satisfactory seamless stocking from the teachings of the patent, and it was not until approximately a year after the patent issued that a satisfactory seamless stocking was produced.

49. Contrary to the teachings of the Bird et al patent, the accused Triumph stocking is knitted from a single end or strand of three 20 denier torque monofilament nylon yarns plied together with about 5 turns of ply per inch. The individual ends of torque nylon yarn are not processed according to the Comer false twist method. The claims of the patent, especially when read in the light of the specification, read upon the structure of this plied stocking. *Johnson & Johnson* v. *Carolina Knitting et al.*, 4th cir. 275 F.2d 91.

50. After issue was joined in this action, defendants filed seven actions for patent infringement based upon the Bird patent, six of which actions were filed on the same day, November 2, 1959, against customers of Burlington from Boston to Seattle.

51. Defendants have entered into a license agreement with Hanes Hosiery Company which contains provisions restricting the manufacture of unpatented support hosiery.

52. After some work with rubber, "Helanca", and combination rubber and "Helanca" stockings, Bird and his coinventors had the concept that compressive force and a pleasing appearance might be combined in a stocking of all nylon construction.

53. By early 1956 the inventors had made sample compressive stockings utilizing four ends of 15 denier high torque monofilament nylon yarns in each course. By early 1957 the difficulties of handling plural ends of high torque yarn had been worked out, the details of construction finalized, and stockings were tested by physicians and found to be very satisfactory as to both compressive force and appearance.

54. These stockings were put on the market in the latter part of 1957, and have been sold continuously since that time as "Support Stockings" under the registered trademark "Supp-hose". All of the stockings sold by defendants under the trademark "Supp-hose" have been compressive stockings knitted with four independent ends of high torque monofilament 15 denier nylon yarn in each course of the leg, in accordance with the teachings and claims of the patent.

55. During 1957, advertising of the compressive stockings of the invention was limited to trade publications and point of sale advertisements placed as the stockings were sold. These stockings were immediately successful and received recognition and approval by numerous physicians as well as consumers.

56. Commencing in 1958, the "Supp-hose" stockings were advertised to the consumer and, as sales increased, advertising was also increased and included many national publications and television programs. Advertising was an important factor in acquainting the consumer with the new all-nylon compressive stockings, but the expanding sales and success of the stockings were due in part to the intrinsic merit of the product, and to advertising at a cost of about $2,000,000.00 per year.

57. The compressive stockings of the invention were directed not only to people suffering with pathological conditions of the vascular system, such as varicose veins, but also went into widespread use by women on their feet a lot, such as salesladies, nurses, housewives, beauticians and the like, as a therapeutical stocking to prevent leg fatigue. The success and widespread use of the patented stocking opened up an entirely new market among the latter group of women and the term "Support Stockings" has now become a recognized designation for a new category of stockings, unknown prior to the present invention, except

Burlington three-end 15 denier stocking which provided support and comfort in the milder cases.

58. The "Supp-hose" stockings made in accordance with the Bird, et al, invention have achieved substantial commercial success and acceptance, with sales increasing substantially each year, even though these stockings were priced at least three dollars per pair higher than other nylon stockings and sales of full-fashioned nylon stockings declined during this period. At the time of trial, over six million pairs of the patented stockings had been sold, having a retail value of approximately thirty-four million dollars.

59. The Bird, et al, patent is an improvement in the surgical hosiery field. The invention constitutes an advance in the art as the first all-nylon stocking utilizing no rubber, containing sufficient compressive force on the leg of a wearer to be of therapeutic value comparable to the surgical stocking with elastic, like Purcell patent, while also having a pleasing sheer appearance acceptable from a fashion standpoint.

60. The patent recognizes the known use of torque monofilament nylon yarns to produce stockings having a great amount of stretchability and sets forth detailed specific examples of representative known types of such stretch stockings. The stocking H-2, Figure 4, described in the patent at Col. 5, lines 3 to 51, Chart II, is illustrative of a known stretch stocking having one end of torque monofilament yarn in each course, knit by the two carrier system, wherein the stitches are distorted to cause the stocking to stretch and retract easily. This example also illustrates the known use of a non heat-set, i.e., cold process, torque yarn in stretch stockings, but these were not examples of Burlington's three-end 15 denier stocking.

61. The stocking H-3, Figure 3, described at Col. 5, line 52, to Col. 6, line 26, Chart III, of the patent, illustrates

the known use of a plurality of torque monofilament nylon yarns in each course of a stretch type stocking, specifically a stocking knitted by the two carrier system, with two separate ends of 15 denier monofilament torque nylon yarn fed through one carrier, and two separate ends of 15 denier monofilament torque nylon yarn of opposite torque fed through the other carrier, and alternating the two carriers in a conventional manner. This stocking alsc illustrates the known use of torque yarn which has been heat-set and twisted.

62. In May of 1957, the prior art Burlington stretch stocking made of three ends of torque monofilament nylon yarn in each course (Stipulation, paragraphs 13 c, d and j) was tested by Comer, one of the inventors, and found to have, according to him, about the same compressive force values as the one-end and two-end 15 denier stockings of Charts II and III of the patent. The Burlington three-end 15 denier stocking is more pertinent to the compressive stocking of the invention than the representative known stockings illustrated in the patent as Charts II and III.

63. The Burlington three-end 15 denier stretch stocking was not considered by the Examiner and the Chief Examiner in the United States Patent Office in the examination of the application resulting in the Bird, et al, patent.

64. In addition to the known stockings disclosed to the Patent Office by the patentees and their attorney, the examiners cited the following prior art patents:

(a) Neumager, 2,641,914, illustrating an all-nylon stocking made of multifilament crimped curled yarn of the so-called "Helanca" type;

(b) Tait, 2,832,125, illustrating the known use of a plurality of monofilament yarns in each course of a stocking;

(c) Weller, 2,755,616, one of the Patentex patents

relating to stretch yarn, stretch fabric and stretch hosiery, and illustrating the use of nylon yarns which have been heat-set and twisted, and knitted in alternate courses to provide stitch distortion and a large amount of stretch;

(d) Knohl, 2,832,125, illustrating a low modulus stretch stocking knit with two yarns of opposite twist in each course, and also the use of yarns having twist of from 25 to 100 turns per inch. (Plaintiffs' Exhibits 2 and 3)

65. There is no evidence that any of the prior art cited by plaintiffs is more pertinent to the compressive stocking of the Bird, et al, patent than the art considered by the Patent Office, except the Burlington three-end 15 denier stocking.

66. The disclosure of the patent-in-suit is sufficient to teach one skilled in the art how to practice the invention and all of the plaintiffs have been able to make all-nylon compressive stockings after knowledge of the patent.

67. The Bird, et al, patent recites as a specific and non-limiting example of the preferred yarn, nylon yarn processed by the false twist method of twisting, heat-setting and twisting in the opposite direction, with 35-50 turns per inch being preferred in this process. The patent is not limited to the use of yarn processed on false twist equipment and specifically covers the use of high torque monofilament yarn which has been heat-set and twisted and has a tendency to untwist, produced on conventional and other equipment.

68. High torque nylon yarn may be produced on conventional equipment by heat-setting and then twisting with a much smaller number of turns per inch than required for the false twisting process. For example, a 20 denier nylon yarn heat-set and twisted 20 turns per inch by conventional

equipment will have a torque equivalent to a 20 denier nylon yarn heat-set and twisted about 35 to 40 turns per inch on false twist machines.

69. The torque of the yarn increases with the denier and thickness of the yarn. A 20 denier nylon monofilament yarn heat-set and twisted 20 turns per inch will have substantially higher torque than a 15 denier nylon monofilament yarn heat-set and twisted 20 turns per inch.

70. Various methods of producing high torque in monofilament yarns were well known in the art prior to the Bird, et al, invention.

71. The patent-in-suit is limited to the use of unplied yarns in each course and covers highly compressive stockings knit of a plurality of high torque yarns.

72. The preferred embodiment of the invention is described as a stocking having a total of 60 denier of yarns in each course made up of 4 ends of 15 denier yarn. The patent also states that 3 ends of 20 denier yarn totaling 60 denier, or 5 ends of 10 denier yarn totaling 50 denier, may be used.

73. The invention is limited to a plurality of ends of yarn. Claims 16, 21, 22, 23 and 24 cover a highly compressive stocking formed from a plurality of high torque yarns or multiple high torque yarns. Claims 8, 9, 10, 11 cover a highly compressive stocking with at least three high torque yarns in each course. Claims 12, 13, 14, 15, 17, 18, 19 and 20 call for at least four ends of high torque yarn in each course.

74. The term "compressive" or "highly compressive" is an important element of each claim as defining the essential characteristic of the fabric, and here resides the invention over the prior art.

75. While the term "compressive force" is one which is difficult to define precisely, the patent describes the term sufficiently to permit one skilled in the art to practice the

invention. The patent relates the invention to the surgical stocking field, pointing out that surgical stockings containing elastic (rubber) did have a satisfactory high compressive force on the leg of the wearer. It also specifies that the stockings of the invention have sufficient compressive force on the leg to be of therapeutic value to the wearer. The patent further defines compressive force by pointing out that the stocking is stretchable and retractable, has a high resistance to stretch plus a strong tendency to return to relaxed position. It also states that known stretch stockings of crimped, curled, or torque yarn do not have sufficient compressive force.

76. As a further definition and guide for measuring compressive force, the patent sets forth detailed charts showing the forces obtained by testing the stockings on a "Charbert Modulus Tester". These Charts I, II and III pinpoint the distinction of resistance to stretch and the power of retraction, which requires the patented stocking to measure up to the standards of Chart 1 in order to achieve the compressive stocking constituting the invention.

77. The Charbert Modulus Tester is a satisfactory testing machine used for testing the modulus of stretch of elastic fabric. It is designed to accommodate a band of fabric approximately 3 inches wide and 5 inches in diameter, and can also be used to test bands of smaller or larger diameter. It is obvious that in testing a stocking on this tester, it should be cut into 3-inch bands in accordance with standard A.S.T.M. testing procedure.

78. The Charbert Modulus Tester is reasonably adequate to indicate compressive force within a range of accuracy satisfactory for testing compressive stockings. The Tester has been and still is in use by the defendants to measure and maintain quality standards for regular production.

79. The inventors of the Bird, et al, patent were the first to combine a plurality of high torque monofilament nylon

yarns in a stocking constructed and shaped in such a way as to produce a fabric having the high compressive force taught in the patent and exemplified by Chart 1.

80. The use of single or multiple torque yarns in prior stockings had not resulted in a fabric having the high compressive force taught in the patent and exemplified by Chart 1. The result obtained by the patentees was entirely new and unexpected and would not have been obvious to one having ordinary skill in the art at the time of the invention.

81. Prior to the Bird, et al, invention, none of the plaintiffs had ever made or sold any all-nylon stretchable stockings having more than 3 ends of 15 denier torque monofilament yarn, totaling 45 denier, in each course, and none of the plaintiffs had ever marketed or publicly designated any all-nylon stockings as surgical, compressive or support stockings.

82. Since at least as early as 1952, the plaintiff Burlington had recognized the need for a stocking which would provide satisfactory support without the many disadvantages of rubber stockings. It worked with and tested various stockings, including plain non-stretch nylon stockings (Holmes Tr. 1340; Kelly Tr. 968-969) and later stretch stockings made of one, two or three ends of 15 denier, 15 turns per inch, monofilament nylon. Mr. Kelly, in Burlington inter-office correspondence in 1955, stated that he believed the two-end 15 denier and the three-end 15 denier stockings might give support, and he expressed the firm belief that anything stronger or heavier than the three-end 15 denier stocking would not be satisfactory (Plaintiffs' Exhibit 78). A few of these two-end 15 denier stretch stockings were tested by Dr. John Robert Kernodle in 1955, and found to be about the same as the "Helanca" type stockings and recommended a stronger stocking.

83. Burlington abandoned its efforts to produce a satisfactory all-nylon compressive stocking and discontinued production of its three-end 15 denier stretch stocking in early 1956.

84. Within two weeks after the introduction of the highly compressive "Supp-hose" stockings of the Bird, et al. invention in mid-August 1957, Burlington obtained samples of the stockings and made a detailed analysis of them. (Plaintiffs' Exhibits 81, 82). In September of 1957, Burlington began efforts to copy the "Supp-hose" stockings and to make a stocking at lease as good and with at least as much power as the defendants' product. (Plaintiffs' Exhibits 83, 84, 85, 86, 87). By September 30, 1957, Burlington had made some four-end 15 denier stockings having the same power or modulus of stretch as the defendants' stocking, but did not market them due to the fact that it still had a substantial inventory of unsold three-end 15 denier stretch stockings made in 1955 and early 1956.

85. In early 1958 Burlington began to market its existing inventory of three-end 15 denier stretch stockings as "Active-8 Comfort Stockings", using advertising material stressing their support characteristics.

86. In the spring of 1958, Burlington began to produce a three-end 15 denier stocking under the same style No. 964 as previously used and these stockings were also designated style 999 and sold as "Active-8 Support Stockings".

87. In an effort to increase the compressive force in the three-end 15 denier stocking, Burlington made a number of changes in its construction when it resumed production in 1958. The torque in the yarn was increased about 25% by using yarn which had been heat-set and twisted 20 turns per inch instead of the prior 15 turns per inch. The leg of the stocking was made more narrow by adding additional calf narrowings.

88. Burlington was not successful in its efforts to build

compressive force into the three-end 15 denier "Active-8" stocking style 999, and its sales soon dropped to about the same low level of style 964, (Stipulations, Part IV, par. 18). This stocking was recognized by others to be a failure (Defendants' Exhibit 55; Smith Tr. 1260) and to have a rather lazy stretch when compared to "Supp-hose" stockings. (Defendants' Exhibit 82). Burlington determined by mid-1958 to go to a stocking having at least the power of the defendants' "Supp-hose" stocking, in view of the demand from salesmen and customers.

89. On or about July 16, 1958, Burlington obtained a copy of the Bird, et al, patent, No. 2,841,971, and prepared a written report commenting on it and noting, among other things, that "Active-8" did not have the extreme compressive effect given in the claims and so might not infringe.

90. In August of 1958, Burlington prepared a construction sheet for a new style No. 936, using three ends of 20 denier nylon monofilament yarn in each course, totaling 60 denier, with each end having been heat-set and twisted 20 turns per inch to give it high torque.

91. On December 1, 1958, Burlington completed a detailed analysis of the various sizes of defendants' "Supp-hose" stockings (Defendants' Exhibit 26), and on December 30, 1958, just after this suit was instituted, it issued revised construction details for its three-end 20 denier high torque stocking, and began producing such stockings in the first week of January 1959, and began selling them in the summer of 1959.

92. At the time this suit was instituted, Burlington was not selling any stockings which infringed the Bird, et al, patent and had been so advised by the defendants.

93. The accused Burlington Support Stockings are constructed of three ends of 20 denier high torque monofilament nylon yarn in each course of the body of the stock-

ing, with each yarn having been heat-set and subsequently twisted 20 turns per inch. The stockings are knit by the two carrier system so that a plurality of independent yarns of one torque are in some courses and a plurality of independent yarns of opposite torque are in other courses. These stockings exhibit high compressive force and fully meet the terms of claims 8, 9, 16, 21, 23 and 24 as exemplified by Chart 1 of the Bird, et al, patent.

94. The Burlington Support Stockings of three-end 20 denier high torque construction infringe claims 8, 9, 10, 11, 21, 22, 23 and 24 of the Bird, et al, patent.

95. Patentex, Inc., owner of many patents on heat-setting and treatment of nylon, and being licensor of plaintiffs and defendants, wrote various mills in July of 1958, including plaintiffs Hudson and Claussner-McCallum, and stating among other things, that manufacture and sale of three-end, or four or more end, stretch therapeutic stockings may be continued without infringement of any valid claim of Patent No. 2,841,971, even though the recipients of such letters had not and were not manufacturing and selling such stockings at that time. The plaintiffs Claussner and Hudson subsequently manufactured and sold stockings of the four-end high torque construction as support or therapeutic stockings.

96. The plaintiff Triumph obtained and analyzed specimens of the "Supp-hose" stockings and, after unsuccessfully seeking a license under the Bird, et al, patent, joined in this suit because it wanted to enter the market for all-nylon compressive stockings, and because it and the other plaintiffs in good faith believed and on advice of counsel that the Bird patent was invalid. Just prior to pre-trial in October 1960, it began making and selling as a support stocking, a stocking knitted of three ends of 20 denier high torque monofilament nylon yarn in each course of the body, with yarns of one torque direction in some courses

and yarns of opposite torque direction in other courses. Each of the torque yarns was heat-set and then twisted 50 turns per inch. The yarns in each course are plied together with a small amount of ply twist, but when knitted each of the yarns is free and movable independently of the other.

97. The Triumph Support Stockings fully meet the terms of claims 8, 9, 16, 21, 22, 23 and 24 of the Bird, et al, patent and the manufacture and sale thereof constitute infringement of the patent.

98. The plaintiff Hudson obtained and analyzed samples of the "Supp-hose" stockings and thereafter manufactured a number of stockings of four ends of 15 denier monofilament torque yarn in each course. Upon issuance of the Bird, et al, patent, and notice from defendant Alamance, Hudson acquiesced in the patent by representing that it had discontinued manufacture of such stockings and selling its inventory to Kayser-Roth. At the time this suit was instituted, Hudson was not making and selling stockings covered by the Bird, et al, patent.

99. In 1959, Hudson began manufacturing and selling all-nylon compressive stockings having four ends of 15 denier high torque monofilament nylon yarn in each course, totaling 60 denier in each course, with all of the yarns in some courses of the same torque and all of the yarns in other courses of opposite torque and with each of the yarns being unplied and independent in the stitch loops. The high torque yarns in the Hudson stockings are yarns which have been twisted 25 turns per inch after heat-setting by conventional equipment.

100. The manufacture and sale of the aforesaid Hudson sockings constitute infringement of claims 13, 16, 17, 21, 22, 23 and 24 of the patent-in-suit.

101. In the spring of 1958, plaintiffs Claussner and McCallum obtained some "Supp-hose" stockings and there-

after made up samples of all-nylon compressive stockings having four ends of 15 denier high torque monofilament nylon yarn in each course of the body of the stocking. After issuance of the Bird, et al, patent and notice from Alamance, Claussner and McCallum in the latter part of October began selling such stockings under the trademark "Comfo-hose". In these stockings all of the yarns in each course are of the same torque direction with yarns in some courses being of opposite torque direction to those in other courses and the yarns are independent and unplied. The torque yarns in these stockings have been twisted 23 turns per inch after heat-setting on conventional equipment.

102. The manufacture and sale of the aforesaid "Comfo-hose" stockings constitute infringement of claims 13, 16, 17, 20, 21, 22, 23 and 24 of the patent-in-suit.

103. Subsequent to the institution of this litigation, Claussner and McCallum modified the construction of the aforesaid "Comfo-hose" stockings by substituting one end of plain 15 denier monofilament yarn for one of the torque yarns in each course so that the stocking would have three ends of high torque yarn and one end of plain yarn in each course. In the knitting and final boarding under heat, the plain yarn takes on some of the torque characteristics of the other yarns and is set in distorted condition. These stockings exhibit high compressive force and fully meet and infringe claims 16, 21, and 22 of the Bird, et al, patent-in-suit.

104. The patent-in-suit has been recognized by requests for licenses from others in the industry. A number of foreign concerns have been licensed to manufacture and sell the "Supp-hose" stockings of the Bird, et al, invention and pay guaranteed annual minimum royalties in excess of $700,000.00.

105. In the United States, Hanes Hosiery Mills Company has been licensed to manufacture stockings under the Bird, et al, patent and to sell them under the trademark

"Supp-hose". Under this license, Hanes pays royalties of $8.00 per dozen for first quality, $2.00 per dozen for irregulars, and $1.00 per dozen for seconds, with a guaranteed annual minimum royalty of $400,000.00. Under a cooperative advertising provision of the license, the licensor, Alamance, is required to spend for advertising the minimum sum of $6.00 per dozen pairs of "Supp-hose" stockings sold by Licensor and all its Licensees in the United States.

106. Plaintiffs have waived the right to assert that either the findings, conclusions, comments or judgment (Plaintiffs' Exhibits 102, 103, *inter alia*) of the United States District Court for the State of Massachusetts in *Alamance Industries, Inc., et al.* v. *Filene's* No. 59-582-W, are binding upon this Court or conclusive in this proceeding under the doctrine of *res judicata*, collateral estoppel, or otherwise.

107. The trial in *Alamance Industries, Inc., et al.* v. *Filene's*, No. 59-582-W, before the United States District Court for the State of Massachusetts was not actively prosecuted by the plaintiffs therein, Alamance Industries, Inc., et al.

108. The case in *Alamance Industries, Inc., et al* v. *Filene's*, No. 59-582-W, before the United States District Court for the State of Massachusetts was not "tried upon its merits" within the meaning of this phrase as used in the stipulation dated October 15, 1960.

109. Patentex, Inc., owner of many patents on heat-setting and treatment of monofilament nylon yarn, and being licensor of plaintiffs and defendants, wrote various mills in July of 1958, and licensees, that manufacture and sale of three-end or four or more ends stretch therapeutic stockings may be continued without infringement of any valid claim of Patent No. 2,841,971.

110. The plaintiffs Claussner and Hudson subsequently manufactured and sold stockings of four-end high torque construction, while Triumph and Burlington made the three-end 20 denier stocking as licensees under patent, and in the honest belief that they were protected by the patents owned by Patentex, Inc., and that there were no valid claims in the Bird patent which they would infringe. The plaintiffs were so advised by counsel and their action was not willful and deliberate in the sense of being defiant of the patent rights of the defendants.

111. Defendants have entered into a license agreement with Hanes Hosiery Company which contains provisions restricting the manufacture of unpatented support hosiery.

112. It is common practice in advertising, to advertise a product in terms of its intrinsic qualities, or in terms of the use or manner of use of the product.

113. The claim of unfair competition based on the figure of a lady with her legs crossed, and with one hand on her leg, was not used by Burlington to advertise the sale of the Burlington support stockings against which this charge of unfair competition was pleaded. The figure of such a lady used by Burlington was dissimilar, and created an impression of a woman at home and modestly dressed who was experiencing pain and discomfort because she had not worn support stockings, rather than a woman stylishly dressed and ready to go out and who is relaxed and comfortable because she is wearing "Supp-hose".

114. The dominant approach of the accused Burlington advertising for its support stockings, was the symbol of a hand rising from below, and which appears to support the leg of the wearer of hose. The defendants' advertising witness Goldschmidt admitted that there was no appropriation in the use of this symbol, and that it had been originated by Burlington's advertising agency, Donahue and Coe, a very reputable firm in New York.

115. Because of the great mass of advertising matter which is turned out in the present age, it is possible and almost inevitable that the same or similar descriptive words or figures will be used in the advertising of competing products. It was established by the evidence that defendants used in their own advertising program, the general symbol of the seated woman with legs crossed and hands on leg, which had been used by the plaintiff Claussner many years before, and had used the word "Triumph" in the defendants' advertising, which word was the trademark property of another one of the plaintiffs, Triumph Hosiery Mills Co.

116. There was no adequate proof of any actual confusion which would sustain a charge of unfair competition.

117. Neither the defendants nor their advertising agency, Daniel and Charles, originated such words as "support" or "tired legs" or "leg fatigue" or "women who are on their feet" or that stockings are "pulled" on to the leg. These expressions are common and necessary to describe the inherent qualities of the product, and there was no unfair competition in using such expressions.

118. By reason of the license agreement which Alamance Industries, Inc., entered into with Hanes Hosiery Mills Company, the defendant misused patent monopoly by trying to make it cover every support stocking regardless of how it was made or the extent of the support which it provided.

In paragraph 2(a) "Licensee agrees that it will not represent any stockings to be support stockings for women except stockings manufactured under this license."

In paragraph 2(b) it is provided "All support stockings for women manufactured, sold or distributed by licensee shall possess, as a minimum standard, the compression characteristics expressed in United States Letters Patent

No. 2,841,971. A stocking constructed of one or two ends of 15 denier stretch nylon yarn in boot and foot shall not be considered within the scope of this license agreement, and licensee may manufacture, sell and distribute stretch stockings and royalties shall not be applicable thereto, provided, however, that it shall not sell or distribute the same under the trademark Supp-hose." The exclusion of a stocking of one or two ends of 15 denier in boot and foot necessarily prevent even the use of one or two ends of 15 denier, and certainly three-end 15 denier, and without regard to the support features of such stockings the patent does not accord the defendant exclusive right to make a support stocking, nor to drive out of the field of competition any manufacturer who produces a stocking with support characteristics like the Burlington three-end 15 denier stocking, and such effort on the part of the defendant is a misuse of its patent.

119. The patentees knowingly suppressed from the Patent Office and its Examiner the knowledge of the Burlington three-end 15 denier stocking, and demonstrated instead the insufficiency of the one and two-end 15 denier stockings for the deliberate purpose of deceiving the Examiner.

Conclusions of Law

1. This action arises under the Patent Laws of the United States and the Court has jurisdiction of the subject matter and of the parties hereto.

2. Claims 1 through 7, inclusive, of the United States Letters Patent No. 2,841,971 are each invalid and void.

(a) By reason of the manufacture and commercial sale by Burlington Industries since 1955, and more than one year before the filing date of the Bird patent, of many thousands of pairs of its three-end high torque monofilament stockings having support characteristics.

(b) The defendants with full knowledge of the continuous commerical sale and general availability and the construction of such Burlington Industries stockings, which had been in public sale since 1955, did nevertheless a long time thereafter, in August of 1957, file their patent application in the United States Patent Office claiming a stocking embodying the aforementioned construction and characteristics without revealing to, but in fact withholding from or misleading the United States Patent Office, the existence and commercial availability of the aforesaid Burlington stockings and the patent application was issued as a patent by the United States Patent Office without knowledge of such facts known to the defendants. Some of the patentees appeared before the Examiner in the Patent Office and demonstrated the inadequacy of the one-end and two-end 15 denier over the alleged invention, with full knowledge on their part that the Burlington three-end 15 denier stocking, which had been on sale more than a year before the application was filed, more nearly represented the claimed invention then the two unfavorable examples which they presented to show the state of the art. This constitutes intentional deception of knowledge possessed by them.

This misconduct on the part of the patentees in obtaining the patent renders invalid the entire patent.

> *Robinson on Patents*, Vol. 2, pp. 282, 283, 298, § 644 and 651; *Marconi Wireless Teleg. Co.* v. *United States*, 328 U.S. 1, 87 L. ed 1731 (1943); *Ensten* v. *Simon Ascher & Co.*, 282 U.S. 445, 452, 75 L. ed 453, 456 (1931); *Central Scientific Co.* v. *Moore-Milford Corp.*, 128 U.S.P.Q. 71 (not rwise reported), N D Ill. (1961); *W. E. Plechaty Co.* v. *Heckett Engineering, Inc.*, N. D. Ohio, 145 F. Supp. 805 (1956)

3. To avoid the necessity of a retrial of these issues, and in view of its having been tried on its merit, the court will make other conclusions on the merits which would apply if the court is in error in holding that the misconduct of the patentees invalidated the patent. Accordingly claims 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 20, 21, 22, 23 and 24 are valid, provided the court is in error by declaring the entire patent void because of the misconduct of the patentees above set forth.

4. The Burlington support stockings made of three-end 20 denier high torque monofilament nylon yarn, respond to and constitute infringement of claims 8, 9, 10, 11, 21, 22, 23 and 24.

5. Hudson support stockings made of four-end 15 denier high torque monofilament nylon yarn, respond to and constitute infringement of claims 13, 16, 17, 21, 22, 23 and 24.

6. Claussner and McCallum "Comfo-hose" made of four ends of 15 denier high torque monofilament nylon yarn, respond to and constitute infringement of claims 13, 16, 17, 20, 21, 22, 23 and 24. Its substitution of one end of plain 15 denier monofilament yarn for one of the torque yarns does not excuse it from infringing the patent, as it was done merely to avoid infringement.

Johnson & Johnson v. *Carolina Lee Knitting Co., Inc.*, 4 Cir., 275 F.2d 91.

7. The Triumph support stocking made of three-end 20 denier high torque monofilament nylon yarn, respond to and constitute infringement of claims 8, 9, 16, 21, 22, 23 and 24.

8. Burlington and Claussner and McCallum have not engaged in unfair competition.

9. The plaintiffs are not guilty of intentional willful and deliberate infringement of the patent, and in no event are they liable for treble damages under Title 35 U. S. Code, Section 284, nor is the case one in which the court in the exercise of its discretion, should award attorney fees.

10. Defendants have been guilty of misuse of the patent-in-suit by endeavoring to extend its coverage to support stockings different from those described in the patent.

> *National Lock Washer* v. *George K. Garrett Co.*, 3 Cir., 137 F.2d 255 (1943); *McCollough* v. *Camera Corp.*, 9 Cir., 166 F.2d 759 (1948); *Park-In Theatres* v. *Paramount-Richards Theatres*, D. Dela., 90 F. Supp. 730 (1950), aff'd per curiam 185 F.2d 407, 3 Cir., (1950); *Chamberlin* v. *Clark Bros.*, D. Calif. 96 F. Supp. 498 (1951); *F. C Russell Co.* v. *Consumers Insulation Co.*, 3 Cir., 226 F.2d 373 (1955).

11. The patent is invalid by reason of the misconduct of patentees before the Patent Office in obtaining the patent, and by reason of the unlawful monopoly assertion by them as shown in the Hanes license. The court will therefore decline to order an accounting or to issue any injunctive relief to enforce the patent. The costs of the case, but not including any attorney fee, will be taxed against the defendants, and the plaintiffs are entitled to an injunction against the defendants from prosecuting any other suits for the alleged infringement of the Bird Patent, either against these plaintiffs or their customers, or in any other wise interfering with the plaintiffs in the manufacture and sale of their stockings.

12. The advertising, packaging and promotional materials used by plaintiffs Burlington and Claussner-McCallum do not violate any property rights owned by defendants and there has been no unfair competition in the use of

such materials by plaintiffs Burlington and Claussner-McCallum.

Judson Dunaway Corporation v. *Hygienic Products Co.*, 1st Cir., 178 F.2d 461, (1949) Cert. Den. 339 U.S. 948; *Reddy Kilowatt, Inc.* v. *Mid-Carolina Cooperative*, 240 F.2d 282, 4th Cir. (1957); *Jantzen Knitting Mills* v. *West Coast Knitting Mills*, 46 F.2d 182, CCPA, (1931); *Nims, "Unfair Competition and Trademarks"*, Fourth Edition, Page 686.

This the 10 day of February 1961.

(s) JOHNSON J. HAYES
U. S. District Judge

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
GREENSBORO DIVISION

No. C-232-G-58

Triumph Hosiery Mills, Inc.,
Hudson Hosiery Company,
Burlington Industries, Inc.,
Claussner Hosiery Company, and
McCallum Hosiery Company,

PLAINTIFFS.

v.

Alamance Industries, Inc.,
Kayser-Roth Corporation, and
Kayser-Roth Hosiery Company, Inc.

DEFENDANTS.

John W. Malley and Carl G. Love, of Washington, D. C., Thornton H. Brooks and David Rabin, of Greensboro, North Carolina, for Plaintiffs.

Paul B. Bell and Charles Parks, of Charlotte, North Carolina, and Welch O. Jordan, of Greensboro, North Carolina, for Defendants.

OPINION

HAYES, *District Judge.*

The plaintiffs instituted this suit for a declaratory judgment praying for a decree that Patent No. 2,841,971 to Joseph J. Bird, et al, on a compressive stocking be declared invalid and non-infringed, and that the plaintiffs have a decree against the defendants from interfering with the plaintiffs in the manufacture of their stockings or their customers who sell them. The defendants in answering alleged the validity of the patent, accused each of the plaintiffs with infringing the patent, asked for an accounting, and in their counterclaim the defendants set up another

cause of action against Burlington and Claussner-McCallum, alleging unfair trade practices and praying damages therefor.

The application for the Bird Patent was filed on August 19, 1957, and the patent issued July 8, 1958. There was no interference filed against the issuance of the patent and on motion of the patentees, action on the application was advanced, and upon consideration of the same the Examiner rejected all claims of the patent on March 12, 1958. The patentees made substantial amendments April 2, 1958, May 5, 1958, and May 8, 1958 which resulted in the allowance of Claims Nos. 18, 20, 21, 22, 23 and 24.

The object of the invention was to provide an all-nylon stocking which would serve the purpose of the surgical stockings which were well known and which had been marketed for years. But it was desirable to produce a stocking without the objections which had arisen to the surgical stockings. They were made of rubber and sold in drug stores and special stores, ordinarily when prescribed by the medical profession, especially in cases of severe varicose veins. An improvement over the rubber stocking occurred in a patent issued to Purcell on March 1, 1955.[1] It was thought in that case that the Purcell patent taught how to make a stocking of the surgical type by utilizing a strand of rubber covered with nylon and a strand of helenca (nylon crimped and heat set), thereby adding to the beauty of the stocking by giving it a sheer appearance and overcoming the objections to the unsightly appearance of the all-rubber surgical stocking.

Neumager in Patent No. 2,641,914, dated June 16, 1953, taught the use of helenca alone for making the stocking. While this stocking afforded the expansion, it was weak in

[1] *Johnson & Johnson and Purcell* v. *Carolina Lee Knitting Co.*, 155 F. Supp. 414, 4 Cir., 258 F.2d 593; re-hearing 173 F. Supp. 731, affirmed 4 Cir., 275 F.2d 91 (1960).

retraction. The Purcell Patent failed to absorb the demand for this type of stocking. By reason of the state of the art, as disclosed by the patents herein referred to, the patent to Bird is at most an improvement over the state of the art rather than a pioneer patent in its field. While the Bird Patent is entitled "Compressive Stocking," this invention relates to a knit stretchable and retractable garment fabric, particularly hosiery, the stitch loops of which are knit of multiple monofilament synthetic torque yarns to form a stocking which has sufficient compressive or binding force on the leg to be of therapeutic value to the wearer.

In describing the invention and the state of the art, it is said: "Stockings having a satisfactory high compressive or binding force on the leg of the wearer have depended upon the inherent elasticity in the yarn or thread of which the stockings were knit. Some of these so-called 'surgical' stockings have been knit throughout with an elastic (rubber), or elastic covered yarn, alone or in combination with plain yarn or crimped or curled synthetic stretch yarn. While some of these prior types of elastic stockings provide sufficient compressive force on the leg of the wearer, they are not as attractive as conventional monofilament stockings. Also, the prior elastic stockings which utilize rubber threads cause some people to have skin reactions and such stockings rapidly deteriorate with age and washings. Stockings made of crimped or curled synthetic stretch yarn do not have enough compressive force to be of any appreciable therapeutic value.

"Other types of stretchable and retractable stockings are currently being produced from various types of curled, crimped or torque nylon yarns, but such stockings are produced to fit a wide range of leg and foot sizes without any intention of compressing or binding the leg. Such stockings have a great amount of stretchability and are rela-

tively easy to stretch so that the hose will not bind the leg of the wearer but will merely fit snugly.

"The compressive stocking of the present invention differs from prior stretchable stockings knit with crimped or torque yarns since the stocking of the present invention has a high resistance to stretch and, therefore, a strong tendency to return to its normal relaxed position. The present compressive stockings are of particular therapeutic value to persons suffering from pathological conditions in the vascular system of the legs such as often occur during pregnancy.

"It is the primary object of this invention to provide a highly compressive stocking, the stitch loops of which are knit of a plurality of inherently inelastic synthetic yarns, each of which has been twisted to impart high torque thereto. The torque yarns in the stitched loops cause the loops to deform or incline when the stocking is relaxed and when stretched the stitch loops will straighten. The use of multiple high torque yarns in the stitch loops will multiply the resistance of the deformed stitch loops to straighten and produce a stocking which has a high resistance to stretch and, therefore, a strong tendency to return to its normally relaxed or unstretched condition resulting in a much higher degree of compression, constrictive or binding force on the leg of the wearer than has heretofore been obtained with torque yarns."

Burlington had been making a similar stocking and it had been sold over the United States extensively for more than a year before the application for the Bird Patent was filed. This Burlington stocking was constructed with three strands of 15 denier torque nylon yarn on conventional machines and in the conventional loops which was stretchable and retractable, but this was nowhere cited in the application nor in the subsequent presentation before the Examiner in the Patent Office and this has an im-

portant bearing on the whole subject matter of this litigation. In the footnote below,[3] a proper understanding of the problem is set forth in parallel columns. The left column describes the Bird Patent while the right column stipulates the Burlington stocking.

The conduct of the patentees with respect to the Burlington stocking constitutes one of the main arguments of the plaintiffs for declaring the patent invalid. While other prior art is pleaded, and prior publications, the plaintiffs have relied on the Burlington stocking as constitu[t]ing the best prior art. Although the file record discloses a rejection by the Patent Examiner of all the claims as being unpatentable over Weller No. 2,755,616, in view of Tait, No. 2,636,369, who shows that it is old to knit a plurality of monofilament into a stocking. Weller knits alternating courses of opposite torque so as to produce a balanced

---

[3]

BIRD PATENT Filed August 19, 1957	STIPULATED FACTS OF BURLINGTON STYLE 964, SOLD IN 1955
In knitting the stocking blank, a standard full-fashioned knitting machine is used. —Col. 3, line 44-5.	13d. The Burlington stockings described—in 13c.—were knit using the two carrier system on a conventional full-fashioned knitting machine.
The boot of Leg 12 of the blank is made with one carrier, feeding the Z torque yarns, making two courses, and	— — —
The other carrier, feeding the S torque yarns, making the next two courses and alternating throughout the length of the remainder of the stocking blank. —Col. 3, lines 66-70.	Three-end stockings were knit using three unplied ends of "S" twist heat-set torque monofilament nylon yarns fed through one carrier to knit two courses in the Fabric and
	Three unplied ends of "Z" twist heat-set torque monofilament yarns were fed through the other carrier to knit two courses in the fabric.
	The sequence of alternation of yarn carriers was carried out for

fabric. It was held "obvious that one skilled in the art desiring to produce a fabric with a greater resistance to stretch, would realize that this would be obtained by using a plurality of filaments in lieu of a monofilament. Hence it would not be inventive to knit a plurality over monofilament in each course of Weller since this is shown to be old in Tait and the results obtained therefrom would be obvious and expected."

On April 3, 1958, substantial amendments were made to the claims to which Neumager No. 2,641,914 was made reference. The method claims were rejected as were Claims 22 through 24 as being unpatentable over Weller in view of Tait. On May 3, 1958, further amendments were filed of a substantial nature, resulting in new Claims 21, 22, 23

---

the knitting of the boot of the stocking.

By using plural unplied high torque yarns of the same torque direction in each course with each of said yarns being free and movable independently of the other, greater compression is obtained due to the combined independent action of each yarn tending to distort the fabric loops and draw up the stocking. This combined torque reaction results in a highly compressive fabric heretofore unobtainable without the use of rubber yarns.

—Col. 3, lines 10-17

It is thus seen that we have provided a highly compressive stocking, utilizing no rubber, by knitting a plurality of, at least three, independent high torque yarns in each loop of the knitting stocking.

—Col. 6, lines 57-60

13c. The three-end full-fashioned stockings were made of three ends of torque 15 Denier monofilament nylon yarns, three ends each having 15 turns per inch of "S" twist unplied in alternate courses and three ends having 15 turns per inch of "Z" twist unplied in intervening courses. This stocking was, and is, Burlington Style No. 964. Burlington commenced the manufacture and sale of these stockings in June, 1955.

and 24. Again amendments were made on May 8, 1958, for the purpose of pointing up and defining the invention and particularly to specify the plurality of independent torque yarns, at which time the patentees and their attorney appeared before the Examiner for the purpose of demonstrating their invention over the prior art, including the Knohl Patent No. 2,832,125. Braxton and Comer, two of the patentees, with their attorney, appeared before the Examiner for the purpose of demonstrating their invention over the prior art, and at which time the claims were made more definite by the addition of "there being at least three yarns in some courses for a torque in one direction and at least three yarns in other courses for a torque in opposite directions," in Claims 8, 9, 10, 11, and the same clause, except "four" was substituted for "three" was added to Claims 12, 13, 14, 15 and 17. In this connection, the file record excludes any reference whatever to the Burlington stocking having been brought before the Examiner, and yet the Burlington stocking in its structure and result read more nearly on the Bird patent than any of the references or structures demonstrated before the Examiner. This was not omitted by inadvertence or neglect. Its omission was deliberate and resulted in the concealment from the Examiner of facts definitely known to the patentees because Bird on March 31, 1958, wrote the patent attorney:

> "It is suggested that we list four ends of 15 denier monofilament yarns in each loop as being the minimum and not set up a definite maximum. . . . The consideration for specifying a minimum of four ends is on the basis that Burlington and others have been making a service-weight stocking under the Patentex Chadolon Patent and to make our claims identifiable we should specify more than three ends. Otherwise there would be the question that Burlington and others had been

making a stretch stocking with three ends of yarn which would serve the same purpose."

There is no doubt in my mind that the claims would not have been allowed over the Burlington stocking if the patentees had performed their duty of making a true presentation of the state of the art at the time of the demonstration. Having demonstrated the weakness of the one strand method and the two strand method over their four strand on which they sought the patent, there is no other conclusion to reach than that they deliberately omitted demonstrating the Burlington stocking with full knowledge that it constituted the present prior art over the stocking on which they sought their patent. This conclusion is buttressed by the fact that the amendments to their claims, which have been referred to above, indicate that they knew of the significance of three strands and four strands in connection with their invention. In *Armour & Company* v. *Wilson & Company*, 168 F. Supp. 353, the court held:

> "The Thompson patent was secured after furnishing the Patent Office with false and misleading evidence and statements, and this invalidates the Thompson patent. *Precision Instrument Mfg. Co.* v. *Automotive Maintenance Machinery Co.*, 1945, 324 U.S. 806, 816, 818, 89 L.Ed. 1381, 1387, 1388, 65 USPQ 133, 138, 139; *Hazel-Atlas Glass Co.* v. *Hartford-Empire Co.*, 1944, 322 U.S. 238, 88 L.Ed. 1250, 61 USPQ 241; *Keystone Driller Co.* v. *General Excavator Co.*, 1933, 290 U.S. 240, 78 L.Ed. 293, 19 USPQ 228; *Florindin* v. *Attapulgus Clay Co.*, D.C.D.Del. 1949, 35 F. Supp. 810, 814, 47 USPQ 332, 336."

In view of the three weeks consumed in hearing the testimony and argument in the case, the court will consider other aspects and issues which have arisen. In the event that the invalidity of the Bird patent is not sustained on the basis

of willful withholding from the Patent Office vital information on the invention and magnifying the inadequacy of the art at the time, we pass to the question of the patent itself as well as the validity of the claims and the matter of infringement.

The patent is confined to a specific product and if limited to its proper definitions embodies a structure not then known and is an improvement over the structure theretofore produced. The novelty, if any, resides in a structure of highly repressive force, demonstrated in the patent as "compressive," which possesses substantially more resistance to stretch and greater power of restriction or compression then any of the structures heretofore made without elastic. If interpreted in the light of its specifications and Charts I, II and III, illustrating the same, the stocking, in order to comply with the invention, is required to achieve the force of restriction demonstrated in Chart I. The stockings made and sold by defendants since the fall of 1957 have been made in accordance therewith and have been given widespread approval both by the consuming public and by the medical profession who have recommended its use in preference to the elastic stocking. It was marketed by Kayser-Roth under the trademark "Supphose" and designated as a "Support Stocking." It distinctly differed from a rubber stocking in that rubber after being stretched snaps back, whereas the nylon stocking constituting the invention was stretchable and retractable by virtue of the torque in the yarns and in the loops, thereby importing a liveliness thereto which caused the stocking to retract with force or compression. Its novelty over the Burlington stocking resides in its excess of repressive force which arises by the use of four ends of 15 denier, giving a total of 60 denier, which until their invention was deemed impractical, unsatisfactory and too heavy to be accepted by the consumers. In addition to the

statutory presumption of validity, 35 USC 282, which was enacted after *Mumm* v. *Decker*, 301 U.S. 168, the importance of which statute is considered in *Georgia-Pacific Corp.* v. *United States Plywood Corp.*, 2 Cir., 258 F.2d 124, the patent in suit meets other tests by:

(1) It solved a long-existing problem and filled a long-felt need. *Baker Cammack Hosiery Mills, et al,* v. *The Davis Co.*, 4 Cir., 181 F.2d 550.

(2) The substantial commercial success enjoyed by the "Supp-hose" Compressive Stocking attests its merits. *Baker-Cammack Hosiery Mills, et al,* v. *The Davis Co., Supra; City of Grafton* v. *Otis Elevator Co.*, 4 Cir., 166 F.2d 816; *Kress & Co.* v. *Aghnides*, 4 Cir., 246 F.2d 718.

(3) Royalties paid by others in the field, to-wit, $700,000.00 a year in foreign licenses and $400,000.00 a year by Hanes Hosiery.

(4) The imitation by the competitors of the Bird stocking. It is significant that although the plaintiff had rejected such a stocking before the Bird patent that promptly thereafter they resorted to the manufacture of a stocking comparable to weight composed of either four ends 15 denier or 3 ends 20 denier which served substantially the same function of the stocking described in the patent. It was said in *Hurtz* v. *Belle Hat Lining Co.*, 2 Cir., 280 F. 277:

> "The imitation of a thing patented by a defendant, who denies invention, has often been regarded, perhaps especially in this circuit, as conclusive evidence of what the defendant thinks of the patent, and persuasive of what the rest of the world ought to think."

This principle is supported in *Black and Decker Manufacturing Co.* v. *Postal Truck Tire Service Corp.*, 4 Cir., 40 F.2d 910; *Ackermans* v. *General Motors Corp.*, 4 Cir., 202 F.2d 642, and *Saco-Lowell* v. *Reynolds*, 4 Cir., 141 F.2d 587, 596. It is contended by the plaintiffs that the

advance to the patented stocking over the prior art was a mere matter of degree obvious to one skilled in the art and not patentable. But this argument is not impressive nor in accord with *Steadman Mfg. Co.* v. *Redman,* 4 Cir., 257 F.2d 867; *O. M. I. Corp. of America* v. *Kelsh Instrument Co., Inc.,* 4 Cir., 279 F.2d 579 and *Diamond Rubber Company of New York* v. *Consolidated Rubber Tire Company,* 220 U.S. 428. It is noteworthy that Burlington ceased production of its three-end stocking during 1957, but revised it in 1958, and in 1959, after this suit had been instituted, it began the production of three-end 20 denier. This is rather significant, as pointed out in this circuit in *Procter & Gamble Mfg. Co.* v. *Refining, Inc.,* 4 Cir. 135 F.2d 900.

Defendants concede that the Burlington three-end 15 denier stocking does not infringe the Bird patent. This is not any generosity on their part. It is rather a concession necessary to avoid invalidating the patent on account of prior art and to afford a semblance of excuse for failure to bring it to the attention of the Patent office.

Claims 1 through 7 are held invalid for lack of definiteness, and anticipated by Burlington's three-end 15 denier stocking. Claims 8 and 12, directed to the knee portion of the stocking, Claims 9 and 13, directed to the ankle portion. Claims 10 and 14, directed to the instep portion, and Claims 11 and 15, directed to the foot portion, are sufficiently specific and are held valid. Claims 16, 17 and 18 are held sufficiently definite and valid. Claims 19 and 20 are held invalid for indefiniteness. Claims 21, 22, 23 and 24 are held sufficiently definite and valid.

In holding the claims above valid, the court became constrained to do so on the basis of the specific improvement in the production of the desired stocking over the prior art and made according to the specifications and limited to the precise form and elements to produce the highly compressed stocking. In holding the claims valid, the court

arrived at the difficult determination on the narrow basis that the patented stocking was a valuable improvement over the prior art, if strictly constructed according to the definitions set forth in the claims which have been held valid. Stockings made of a less specified standard and possessing less highly compressive force would not be construed to come within the terms of the claim. It is not such a pioneer in its field that others making stockings of a lower degree of compression would have to pay tribute and for this reason should be classified as a secondary invention. *Diamond Rubber Co. of New York* v. *Consolidated Rubber Tire Company*, 220 U.S. 428, 435; *Lever Bros. Co.* v. *Procter & Gamble Mfg. Co.*, 4 Cir., 139 F.2d 633; *Hutzler Bros.* v. *Sales Affiliate, Inc.*, 4 Cir., 164 F.2d 260.

It is a settled principle of patent law that the invention is measured in terms of the claims, but that the claims are to be read, interpreted and applied in light of the specifications which may not enlarge a claim but which may explain and clarify it."

Burlington's accused stocking of three-end 20 denier infringes Claims Nos. 8, 9, 16, 21, 22, 23 and 24 of the Bird Patent. Its stocking has the same weight and substantially the compressive force specifically set forth in those claims. The accused stockings made by Claussner-McCallum and Hudson infringe Claims Nos. 13, 16, 17, 21, 22, 23 and 24. Plaintiff Triumph knitting the three-end 20 denier high torque monofilament nylon infringes Claims Nos. 8, 9, 16, 21, 22, 23 and 24 of the Bird Patent.

The court holds that none of the plaintiffs willfully and deliberately infringed the patent but acted in good faith in the honest belief that as licensees of Patentex they had the right to make their stockings and were so advised by counsel. In no event should the plaintiffs be required to pay treble damages.

MISUSE OF PATENT

The lease agreement between defendants and Hanes Hosiery Mills Company contains provisions which clearly restrict the licensees from making or selling support stockings in competition with the owner of the patent. The patent confers no monopoly to the patentees for the exclusive manufacture of a support stocking or the right to prevent anybody from making or selling a stocking with its qualities such as the two-end 15 denier stocking made by some of the plaintiffs before the issue of the patent, and particularly the three-end 15 denier support stockings made by Burlington Mills. In this connection, it is to be remembered that the defendants are asserting the exclusive use to the word "support" as descriptive of a stocking when they knew full well that the two-end and three-end nylon stockings made by the plaintiffs had support characteristics, but for reasons convenient to the defendants they described them as "stretch" stockings.

In Paragraph 2(a) licensee agrees "it will not manufacture, sell or distribute any support stockings for women except in accordance with the terms of this lease. Licensee agrees it will not represent any stockings to be support stockings for women except stockings manufactured under this license."

Paragraph 2(b) contains this provision: "All support stockings for women manufactured . . . by licensee shall possess . . . compression characteristics explained in United States Letters Patent No. 2,841,971. A stocking constructed of one or two-end 15 denier stretch nylon yarn in boot and foot shall not be considered within the scope of this license agreement, and licensee may manufacture, sell and distribute stretch stockings and royalties shall not be applicable thereto."

In connection with the excerpts of the preceeding, one clearly shows that the licensor was extending his monopoly

beyond that conferred by the patent and was endeavoring to prevent licensee from making a stocking of one or two-end 15 denier stretch nylon yarns. The exclusion clause restricted to the one and two ends of 15 denier clearly indicates that the contract prevents licensee from making any stocking and referring to it as a support stocking and requiring him to refer to it as a stretch stocking instead. It follows from what has been said that the patentee is using the lawful monopoly granted by the patent as a means of surpressing the manufacture and sale of competing unpatented articles and is endeavoring to extend the bounds of its lawful monopoly to give it the exclusive market for every support stocking when the patent does not extend that far. This practice is unlawful. *Lock Washer* v. *George K. Garrett Co.*, 3 Cir., 137 F.2d 255; *McCollough* v. *Camera Corp.*, 9 Cir., 166 F.2d 759; *Cf. Chiplets, Inc.* v. *June Dairy Products*, 89 F. Supp. 814; *Steffen* v. *W. J. Schoeberger*, 90 F. Supp. 710; *F. C. Russell Co.* v. *Consumer Insulation Co.*, 3 Cir., 226 F.2d 373; *United Shoe Machinery Co.* v. *United States*, 258 U.S. 451-458.

The language of the instant license agreement differs from that construed in *North Drive-In Theatre Corp.* v. *Park-In Theatres, Inc.*, 10 Cir., 248 F.2d 232; *United Lens Corporation* v. *Doray Lamp Co., Inc.*, 7 Cir., 93 F.2d 969, and *Carter Products* v. *Colgate Palmolive Company*, 164 F. Supp. 503, which are cited by the defendants. The misuse of the patent requires a court of equity to leave the defendants without equitable relief, either for an accounting, or by way of injunction.

On the counterclaim of the defendants against Burlington and Claussner-McCallum for unfair trade and use of good will of defendants on the charge of copying its advertising material, the defendants have failed to show by a preponderance of the evidence that either of these plain-

tiffs has engaged in unfair practice or wrongfully used the defendants' trademark on advertising matter. It is true that in some respects there are close similarities between the advertising of the plaintiffs and that of the defendants, but the proof is wholly insufficient to establish by a preponderance of the evidence that any customers of the defendants were misled or confused. It is incumbent on the defendants to produce adequate proof that it has been damaged by the use of its material. The bulk of the evidence offered by the defendants relates to the pictures of women wearing stockings and of the functions which the stockings render to the leg of the wearer. However, the pictures employed and the language descriptive of the product truly illustrate the product of the plaintiffs. The defendants cannot properly exclude the plaintiffs and others from displaying stockings on the legs of a woman regardless of the pose in which she is portrayed. Moreover, Burlington in its advertising has distinctly exhibited its name as the producer of its stocking in bold letters which should distinguish it from the product of the defendants. In like manner Claussner-McCallum prominently and in bold letters designate their stocking as "Comfo", which definitely distinguishes it from that of the defendants. This is in accord with *Judson Dunaway Corporation* v. *Hygienic Products Co.*, 178 F.2d 461, in which the plaintiff was denied relief both for violating the trademark and unfair competition. In that case plaintiff marketed and promoted its toilet cleanser with representation of a woman pouring the contents of a can into a water-closet. The court held that the plaintiff was "not entitled to appropriate exclusively unto itself the merely descriptive element of its composite marks. It cannot prevent the defendant from using on its labels or in its advertising a representation of material flowing from a can into a water-closet bowl. . . . Nor do we think that the plaintiff can pre-

vent the defendant from going one step further and advertising its product by showing it in use by a person, and, moreover, in use by the sort of person who would normally be expected to use it, that is, by a woman."

The Fourth Circuit Court, in *Reddy Kilowatt, Inc.* v. *Mid-Carolina Electric Cooperative, Inc.*, 240 F.2d 282, held:

> "It does not follow that the plaintiff has made out a case. Its claims to an exclusive field are not entitled to the breadth which is implicit in its arguments. It must be kept in mind in the first place that the plaintiff was not the first to make use of a fantastic humanized figure for advertising purposes; nor was it indeed the first to use such a character in the field of electricity."

The same situation was presented in *Jantzen Knitting Mills* v. *West Coast Knitting Mills*, 46 F.2d 182, displaying a swimming suit worn by a girl standing in a diving posture. It was there stated:

> "We do not think that appellant has a right to monopolize the figure of a diving girl clad in a swimming suit. It is a well settled principle of the trademark law that a mere representation of the merchandise on which the mark is used cannot be adopted as a trademark."

Nims Unfair Competition and Trademarks, Fourth Edition, Page 686.

A degree will be entered in this case declaring in the first instance that the patent in suit has been rendered invalid by reason of the willful concealment from the Patent Office of the Burlington three-end monofilament torque nylon yarn which was fully known to the patentees and known to have been in use for more than a year before they filed their application for the patent in suit. But for this fact the court would hold the patent valid as to the claims set forth above and infringed, but that the defendants are

not entitled to equitable relief either by way of accounting or injunction, because of the misuse of the patent, and that the defendants be restrained from interfering with the plaintiffs in the manufacture and sale of the accused stockings and from threatening to sue or instituting action for infringement against the customers of the plaintiffs, and that the defendants be taxed with the costs.

The court will not assess any attorney fees. All of the parties, both plaintiffs and defendants, are licensees under Patentex to heat treat and impart torque to monofilament nylon yarns. Patentex advised its licensees that they had the right to utilize the privileges granted under the license to heat treat and set and twist monofilament nylon yarns and to make hosiery therefrom without infringing any valid claims of the Bird Patent. The plaintiffs in good faith believed that they had the right to do so and were advised by counsel of their right to do so, and if the defendants in this case had prevailed, I doubt if this court would have taxed attorney fees. In respect to the defendants, the court is of the opinion that they should not be taxed with attorney fees for the plaintiffs.

(s) JOHNSON J. HAYES
United States District Judge

February 10, 1961.

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
Civil Action No. C-232-G-58
Greensboro Division

Triumph Hosiery Mills, Inc.,
Hudson Hosiery Company,
Burlington Industries, Inc.,
Claussner Hosiery Company,
and McCallum Hosiery Company,
PLAINTIFFS,

v.

Alamance Industries, Inc.,
Kayser-Roth Corporation, and
Kayser-Roth Hosiery Co., Inc.,
DEFENDANTS.

DECREE

This action came on to be tried before the Court, and the Court having considered the evidence introduced by the parties including stipulations, exhibits, and the entire record in the cause, as well as the briefs and arguments of counsel for the respective parties; and the Court having heretofore made and filed its Findings of Fact and Conclusions of Law, and its written Opinion, as the same appear of record, and which are made a part hereof by reference thereto; it is therefore,

Ordered, Adjudged, and Decreed as follows:

1.

United States Letters Patent No. 2,841,971, and all of its claims, which was issued on July 8, 1958, to Alamance Industries, Inc., upon application of Joseph J. Bird, Marvin H. Comer, Charlie A. Miles, and Ralph C. Braxton, is invalid and void because of the misconduct on the part of the patentees in obtaining the patent.

2.

In the event it were determined that United States Letters Patent No. 2,841,971 is not invalid in its entirety because of the patentees' misconduct, then Claims 1 to 7, inclusive, and Claims 19 and 20 are each invalid and void, and Claims 8 to 18, and 21 to 24, inclusive, are valid.

3.

United States Letters Patent No. 2,841,971 is unenforceable by reason of the defendants' misuse thereof.

4.

If the claims of this patent are valid, then the plaintiffs have each infringed the following claims of the patent:

The Burlington Support Stockings made of three end 20 denier high torque monofilament nylon infringe Claims 8, 9, 10, 11, 21, 22, 23 and 24;

The Triumph Support Stockings made of three end 20 denier high torque monofilament nylon infringe Claims 8, 9, 16, 21, 22, 23 and 24;

The Hudson Support Stockings made of four end 15 denier high torque monofilament nylon infringe Claims 13, 16, 17, 21, 22, 23 and 24;

The Claussner-McCallum Comfo-Hose Support Stockings made of four end 15 denier high torque monofilament nylon infringe Claims 13, 16, 17, 21, 22, 23 and 24; and

The modified Comfo-Hose Support Stockings made of three end 15 denier high torque monofilament nylon and one end of 15 denier plain yarn infringe Claims 16, 21 and 22.

5.

The defendants, Alamance Industries, Inc., Kayser-Roth Corporation, and Kayser-Roth Hosiery Company, Inc., their directors, officers, associates, agents, attorneys, confederates, employees, and those in active concert or participation with them, who receive actual notice of this Decree

and Injuction, by personal service or otherwise, be and they are perpetually restrained and enjoined from in anywise interfering with the plaintiffs, and each of them, in the manufacture and sale of their all nylon monofilament support stockings which have been accused by the defendants to infringe United States Letters Patent No. 2,841,971, and from threatening to sue or to institute actions for claimed infringement of the patent, against the customers of the plaintiffs.

6.

The Counterclaim and Supplemental Counterclaim are hereby dismissed and all of the claims for relief therein asserted, including injunctive relief and damages, are denied.

7.

The Court does not award the plaintiffs attorneys' fees to be assessed against the defendants.

8.

The defendants are taxed for the cost of this action to be fixed by the Clerk.

This the 6th day of March, 1961.

(s) JOHNSON J. HAYES
United States District Judge

AMENDMENTS TO FINDINGS OF FACT AND CONCLUSIONS OF LAW

The following amendments were made by United States District Judge Johnson J. Hayes on 6 March 1961 to the Findings of Fact and Conclusions of Law which had previously been made by the Court on 10 February 1961:

FINDINGS OF FACT

No. 45 (page 10) Insert in the first line after the numeral "7" the following:—and Claims 19 and 20—.

No. 73. (page 15) Delete at the end of the fifth line the following: "19 and 20".

No. 102. (page 21) Delete in line 2 the numeral "20".

CONCLUSIONS OF LAW

No. 2. (page 1) Insert in line 1 before the word "inclusive" the following:—and claims 19 and 20—.

No. 3 (page 2) Delete in line 5 the numeral "20".

No. 6. (page 2) Delete in line 3 the numeral "20".

CERTIFIED COPY

United States of America
Middle District of North Carolina, ss:

I Herman Amasa Smith, Clerk of the United States District Court for the Middle District of North Carolina, do hereby certify that the annexed and foregoing is a true and full copy of the original.

1. Decree filed on 6 March 1961, in the case of *Triumph Hosiery Mills, Inc., et al.* v. *Alamance Industries, Inc., et al.*, case number C-232-G-58, and
2. Amendments to Findings of Fact and Conclusions of Law filed 7 March 1961.

now remaining among the records of the said Court in my office.

In Testimony Whereof, I have hereunto subscribed my name and affixed the seal of the aforesaid Court at Greensboro, N.C. this 7th day of March, A.D. 1961

HERMAN AMASA SMITH
Clerk.
By (s) RUTH R. MITCHELL
Deputy Clerk.
[Seal]